



Department of Housing and Urban Development
Public and Indian Housing

Special Attention:
Section 8 Public Housing Agencies
and Indian Housing Authorities;
Public Housing Office Directors;
Administrators, Offices
of Native American Programs

Notice PIH 98-13 (HA)

Issued: February 20, 1998

Expires: February 28, 1999

Cross References:

Form HUD-50058 Instruction Booklet,

October 1997

Subject: Form HUD-50058 - Special Instructions for the
Section 8 Certificate Over-FMR Tenancy Option (OFTO)

1. Purpose. This notice provides the over-FMR tenancy rent calculation formula and special instructions for completing Form HUD-50058, Family Report, for Section 8 certificate families who choose an over-FMR tenancy. An HA may approve over-FMR tenancies for up to 10 percent of its incremental certificate units under new provisions in the third part of the Section 8 tenant-based conforming rule (24 CFR 982.505 and 982.506). The third part of the conforming rule is expected to be published in March 1998, and will take effect 30 days after publication.

2. Applicability. This notice applies only to the reporting of Form HUD-50058 data for a family who is assisted in an over-FMR tenancy in the rental certificate program. However, this notice does NOT apply to reporting for a manufactured home owner renting the space in an over-FMR tenancy; for those families, the HA should fill section 14 of Form HUD-50058.

3. Effective Date. The instructions in this notice will take effect on the published effective date of the third part of the Section 8 tenant-based conforming rule which implements the over-FMR tenancy option (OFTO).

4. Background. In October 1997, HUD issued a revised Form HUD-50058 and instructions and in November 1997, HUD issued new Family Reporting Software (FRS) 2.0 to support the revised form.

At the time of issuance, HUD had not yet published the new Section 8 tenant-based program regulations that authorize implementation of OFTO. Consequently, the October 1997 Form HUD-50058 and FRS 2.0 do NOT include the rent calculation formula for an over-FMR tenancy in the rental certificate program. This notice provides the OFTO rent calculation formula and instructions for reporting over-FMR tenancy information on the Form HUD-50058.

5. Filling the Form HUD-50058 for an OFTO Family. The HA should fill the Form HUD-50058 as usual for a certificate family until the HA reaches Section 11, Section 8 Certificates. In Section 11, fill lines 11a (Number of bedrooms on certificate) through 11i (Owner TIN/SSN) as usual. On line 11g, be sure to mark Over-FMR Tenancy Option (OFTO). Fill the remaining Section 11 according to the instructions in this notice.

Attached is the OFTO rent calculation formula to be used for certificate families in over-FMR tenancies. (The formula includes the calculation to be used if a mixed family under the noncitizen rule is assisted under OFTO.) Since the Form HUD-50058 and the flat file layout in the Technical Reference Guide do NOT include the OFTO formula, it is necessary to report certain information from the attached OFTO formula in established fields on the Form HUD-50058 as follows:

<u>OFTO Formula Item:</u>	<u>Report on Form HUD-50058:</u>
a, FMR or HUD-approved exception rent	<ul style="list-style-type: none"> ● Line 11j (FMR or exception rent) ● Field number 18 of certificate record format
d, Utility Allowance	<ul style="list-style-type: none"> ● Line 11m (Utility allowance) ● Field number 20 of certificate record format
e, Rent to Owner	<ul style="list-style-type: none"> ● Line 11k (Contract rent to owner) ● Field number 19 of certificate record format
f, Gross Rent of Unit	<ul style="list-style-type: none"> ● Line 11n (Gross rent) ● Field number 21 of certificate record format
k, Total OFTO Subsidy	<ul style="list-style-type: none"> ● Line 11r (Total HAP) ● Field number 23 of certificate record format

For a mixed family with prorated assistance under the noncitizen rule who is assisted under OFTO, report the following information from the attached OFTO formula in established fields on the Form HUD-50058:

<u>OFTO Formula Item:</u>	<u>Report on Form HUD-50058:</u>
cc, Total Number Eligible	<ul style="list-style-type: none"> • Line 11ae (Total number eligible) • Field number 31 of certificate record format
dd, Total Number in Family	<ul style="list-style-type: none"> • Line 11af (Total number in family) • Field number 32 of certificate record format
ee, Proration Percentage	<ul style="list-style-type: none"> • Line 11ag (Proration percentage) • Field number 33 of certificate record format
ff, Prorated Total HAP	<ul style="list-style-type: none"> • Line 11ah (Prorated Total HAP) • Field number 34 of certificate record format
gg, Mixed Family Total Family Contribution	<ul style="list-style-type: none"> • Line 11ai (Mixed Family TTP) • Field number 35 of certificate record format

6. Software Accommodation. To make it easier to calculate OFTO rents and to report the required data, HUD suggests that HAS who expect to make substantial use of OFTO ask their software providers to add the OFTO formula onto their software, and to also build in the transfer of the above data elements to the appropriate fields of the required certificate record format for reporting to HUD. Otherwise, it will be necessary to perform the OFTO calculation manually and then input the above data elements as indicated for Form HUD-50058 reporting.

7. HAs Using HUD Family Reporting Software (FRS). The HUD FRS 2.0 has not been developed to accommodate the special instructions in this notice. HAs using FRS and that approve over-FMR tenancies in the rental certificate program should perform the OFTO calculation manually and then input the above data elements as indicated for Form HUD-50058 reporting.

/s/

Kevin Emanuel Marchman
Assistant Secretary for
Public and Indian Housing

Attachment

Section 8 Certificate Over-FMR Tenancy Option (OFTO)
(except manufactured home owner renting the space)

	a	FMR or HUD-approved Exception Rent (Report on line 11j) <i>(i.e., OFTO "payment standard")</i>
	b	TTP: highest of 9c, 9f or 9g
▼	c	Maximum Subsidy: a minus b
	d	Utility Allowance, if any (Report on line 11m)
▼▼	e	Rent to Owner (Report on line 11k)
	f	Gross Rent of Unit: d plus e (Report on line 11n)
▲	g	Gross Rent less Maximum Subsidy: f minus c
▲	h	HA Minimum Rent: copy 9h (If prorated rent, skip to aa)
	i	Total Family Contribution: higher of g or h
▼	j	Gross Rent less Contribution: f minus i
▼▼	k	Total OFTO Subsidy: lower of c or j (Report on line 11r)
	l	HAP to Owner: lower of e or k
	m	Family Rent to Owner: e minus l
	n	Reserved
	o	Utility Reimbursement to Family: k minus l
		OFTO Prorated Rent Calculation <i>(under noncitizen rule)</i>
▼	aa	Gross Rent minus HA Minimum Rent: f minus h
	bb	Normal Total HAP: lower of c or aa
	cc	Total Number Eligible (Report on line 11ae)
	dd	Total Number in Family (Report on line 11af)
	ee	Proration Percentage: cc/dd (Report on line 11ag)
	ff	Prorated Total HAP: bb x ee (Report on line 11ah)
	gg	Mixed Family Total Family Contribution: f minus ff (Report on line 11ai)
	hh	Mixed Family Rent to Owner: gg minus d. <i>If positive or 0, enter here. If negative, enter on line hh below</i>
CR	hh	<i>Credit tenant (utility reimbursement)</i>
	ii	Reserved
	jj	Prorated HAP to Owner: e minus gg <i>(If gg is negative, put e)</i>

- ▲ - Marks lines that will be compared and you will take the larger
- ▼ - Marks lines that will be compared and you will take the smaller